

O 110214Z DEC 07  
FM AMEMBASSY CANBERRA  
TO SECSTATE WASHDC IMMEDIATE 8703  
INFO AMEMBASSY JAKARTA IMMEDIATE  
AMEMBASSY LONDON IMMEDIATE  
AMEMBASSY OTTAWA IMMEDIATE  
AMEMBASSY TOKYO IMMEDIATE  
AMEMBASSY WELLINGTON IMMEDIATE  
AMCONSUL MELBOURNE PRIORITY  
AMCONSUL PERTH PRIORITY  
AMCONSUL SYDNEY PRIORITY

C O N F I D E N T I A L CANBERRA 001742

SIPDIS

NOFORN  
SIPDIS

STATE FOR ISN E.SIDLER, EAP AND T  
JAKARTA ALSO FOR TONY FOLEY

E.O. 12958: DECL: 12/11/2017  
TAGS: [PARM](#) [PREL](#) [PHSA](#) [PBTS](#) [MNUC](#) [ETTC](#) [KNNP](#) [EWWT](#) [AS](#) [ID](#)  
SUBJECT: AUSTRALIA'S PARTICIPATION IN DECEMBER 12  
PSI-RELATED SEMINAR IN INDONESIA

REF: STATE 164809

Classified By: POLCOUNS James F. Cole for reasons 1.4 (b),(d)

11. (C/NF) Gerry McGuire, Director for Counter-Proliferation, Department of Foreign Affairs and Trade, told poloff December 11 Australia agreed with the U.S. judgment that Jakarta's December 12 seminar on "PSI in the Framework of Maritime Security" does not meet its requirements as a venue to advance the PSI agenda with Indonesia, and should have included more Southeast Asian participants.

12. (SBU) McGuire advised that Ted Knez, Executive Officer in the Counter-Proliferation Section, would attend the seminar and deliver a presentation of about 15 minutes in length, titled "Australian Perspectives on the Proliferation Security Initiative." (A copy of the final version of the presentation follows below at para 4.) Knez is armed with extensive briefing materials, put together following a GOA interagency meeting last week, and will be prepared to correct misperceptions about PSI.

13. (SBU) The GOA welcomes the Department's offer for Mr. Knez to coordinate on tactics with ISN/CPI Tony Foley in advance of the seminar.

14. (SBU) Following is the final text of Knez' prepared PSI remarks.

Begin text:

Seminar on the Proliferation Security Initiative (PSI) in the Framework of Maritime Security "Australian Perspectives on the Proliferation Security Initiative (PSI)" Borobudur Hotel, Jakarta, 12 December 2007

I am very pleased to have the opportunity to address you today.

I thank the Department of Foreign Affairs of the Republic of Indonesia for organising this seminar to facilitate discussion on the Proliferation Security Initiative (PSI). In our discussion today, I believe we can start from a single point of agreement that the proliferation of weapons of mass destruction is a serious threat to international security. That threat is the very reason why the PSI exists.

Following on from Tony Foley's presentation, I would like to talk to you about Australia's perspectives as a PSI-supporting country and on what the PSI means to us.

Let me say at the outset that the Australian Government is strongly interested in, and committed to, non-proliferation and disarmament.

I would like to begin, perhaps paradoxically, by mentioning some of those things which Australia believes the PSI is not. Firstly, the PSI is not a substitute for maintaining and strengthening the existing multilateral WMD treaties. In this regard, we still have a lot of work to do. The Nuclear Non-Proliferation Treaty (NPT), for example, while almost universal, is under stress as a result of North Korea's nuclear test last year, and the discovery in 2002 that Iran had been developing a secret nuclear program and has still not provided the International Atomic Energy Agency (IAEA) with all the information that the Agency has requested on this program.

Nor is the PSI a substitute for all countries having effective export controls. It is in our own security interest to deny proliferators the materials and technologies they need to produce WMD. And we have an obligation, in this regard, following the adoption of UNSCR 1540 in 2004. I should add here that the PSI does not presuppose new multilateral structures or laws. It effectively complements and reinforces existing ones.

The PSI does not discriminate against any country. It is not an exclusive club. On the contrary, the PSI's strength lies in its diversity and inclusiveness. It provides an

opportunity for countries to work together to take practical measures against the threat of WMD proliferation. PSI countries agree to take steps, consistent with national and international law, either alone or with others, to impede the transfer or transport of WMD, their delivery systems and related material to and from states and non-state actors of proliferation concern. There are now almost 90 PSI supporting countries world-wide. Fourteen of those countries are right here in the Asia-Pacific region.

The PSI is not illegal or somehow inconsistent with international law. PSI supporters abide by their own domestic and international legal obligations. No state is asked to do anything it believes is contrary to the law. Indeed, PSI activities have helped states to develop a better understanding of where they can take action and where they cannot.

Australia will only take action that is consistent with the United Nations Convention on the Law of the Sea and this means, for example, that rights like that of innocent passage through territorial seas are taken into account.

The reality is that most of our PSI work is not about dramatic interdictions at sea - it is the every day work of good intelligence, export controls, and law enforcement efforts - all of which means that most of our work takes place in port.

The PSI is also not about the forfeiture of national sovereignty. Recognising the threats posed by proliferation, states have chosen to work together to respond. We do this in full recognition of our rights as sovereign states, but also with an understanding that where issues extend beyond the boundaries of any one country, and an issue cannot be managed or resolved by any one country acting alone, then cooperation may provide a solution. In the region, we have seen the benefits of such cooperation in, for example, disaster relief efforts and tackling transnational crime including drug trafficking and illegal fishing. Likewise, concerned states have looked for ways to enhance their ability to counter the threat of proliferation.

That then brings me to the question of what the PSI is. For Australia, it represents the sort of new strategic thinking

and flexibility which we had already embraced through our own counter-terrorism and counter-proliferation efforts. PSI fitted perfectly with our approach and the broad-based, whole-of-government framework that we base our counter- and non-proliferation activities on. Australia has also worked to streamline our domestic coordination measures and approaches, both across agencies and across jurisdictions. Agencies meet regularly, share information and work together. We know the Australian public - after the horrors of 9/11 and the Bali bombings - would expect nothing less.

The PSI is practical, flexible and non-bureaucratic. There is no formal organisation and no secretariat - it doesn't need these. PSI gets its continuity and coordination through regular meetings of PSI operational experts. PSI converts political support for non-proliferation goals into an operational capacity to respond professionally and expeditiously to a proliferation alert. PSI participants form partnerships of states ready to work together, as necessary, to disrupt the illicit trade in WMD-related materials. PSI countries train together, their defence and law enforcement authorities share information and they perform actual maritime and air interdictions.

In the event of a proliferation alert PSI supporters, Australia included, assess the legal, practical and political issues on a case by case basis, and decide what action if any they are prepared to take in response to credible and reliable information. Flag state consent is one example. Under the PSI, supporting countries may be asked to authorise an interdiction if one of their state flagged vessels is suspected of illicitly transporting WMD. Australia has developed national flag state consent procedures to respond to PSI cases. But our consent is not automatic - we remain in control of the decision-making process and, where relevant,

would take this up to the highest levels of government. We have defined the conditions on which we would give our consent, should we be asked for it.

In short, Australia will consider flag state consent requests on a case-by-case basis. And that effectively is the approach taken by PSI countries as a whole. Quite simply, we maintain our national sovereignty when it comes to deciding our response to PSI cases. It's a serious issue for us. Australia like Indonesia is a coastal state, and almost 90% of our international trade is transported by sea. We are not interested in putting arrangements in place which would cause unnecessary delays for the shipping industry. So it was important for us to get the flag state consent procedures right.

As I mentioned at the outset, the proliferation of WMD is a threat to international security. Unfortunately, that threat conceals itself within one of the greatest achievements and advantages we have in ensuring our continued development and prosperity this century: the free flow of trade, knowledge and people on which our global economy is based. These freedoms can facilitate the availability of dangerous new capabilities and opportunities to states of concern or to terrorists.

The challenge for governments and regulators is to keep pace with the phenomenal growth in world trade, which demands ever faster customs clearances and transport, and the activities of determined proliferators who would seek to use legitimate trade for illicit WMD trafficking. Several measures have been introduced to address this problem, including the US Container Security Initiative and the more recent Secure Freight Initiative. However, the consequences of WMD materials slipping through despite these measures are frightening indeed. The PSI was brilliantly conceived to address such a possibility.

As you well know, the Asia-Pacific is strategically important to the global economy. It has some of the world's

busiest ports, airports and trans-shipment centres and these assets can be used by those who seek to move WMD materials around the world.

Through outreach to our region on counter-proliferation and PSI, Australia seeks to work with our neighbours to counter WMD proliferation – a threat that threatens us all. We stress that no country would be immune to the consequences of a WMD attack, no matter how far away this occurred. The economic and trade effects alone of such an attack would hit every economy. Australia is prepared to assist regional countries to improve their WMD-related export controls and expand regional support for the PSI. With other Australian agencies and key PSI partner countries (for example, the United States and Japan), we have coordinated the delivery of practical technical assistance to several important supplier and trans-shipping countries, and have expanded our dialogue on counter-proliferation issues.

What we have found from our discussion with regional partners is that some countries which are otherwise willing to take steps to stop WMD proliferation, hesitate to support the PSI because of uncertainty about its exact nature, including what participation in the PSI would require of them. While intimate knowledge of PSI modalities might be scarce in some cases, overall we have seen a welcome desire from interlocutors to learn more about the initiative itself. As we strive to de-mystify the PSI and tackle the knowledge gaps and misconceptions about the initiative and its activities, hesitant countries will, in time, open-up to the initiative. Our priority is to continue efforts to provide solid information about what the initiative is and what it is not. Participation in the PSI, including endorsement of its Statement of Interdiction Principles (SIP), sends a strong message to would-be proliferators of the political commitment by countries to taking legal, cooperative and practical action to stop the spread of WMD.

In our experience one of the best ways for non-PSI countries

to understand the PSI is to attend a PSI exercise. We engaged regional countries on the PSI through our PSI "Pacific Protector 06" exercise in April last year and since the exercise, and following further engagement on the PSI, several of those observer countries have publicly expressed their support for the PSI. Similarly, Japan's recent PSI exercise Pacific Shield 07 contributed to further understanding the PSI for those regional observer countries that attended. On another level, Australia has adapted the successful PSI Tabletop Exercise from Japan's ASTOP meeting earlier this year as a discussion tool.

Australia offers to host a Tabletop Exercise in regional countries as the basis for a multi-agency discussion of how to respond to a real proliferation threat. The Tabletop Exercise draws out key issues of both interest and concern, and also demonstrates the value and importance of inter-agency coordination and cooperation.

The PSI has been in existence for almost five years. In fact, next year marks the PSI's fifth anniversary. It is a tribute to supporting states that the PSI continues to develop and evolve.

In the future, key challenges will be to continue to expand the membership of PSI, widen its coverage in particular regions, and enlist the direct support and related efforts of major countries still outside the PSI.

Increased international support remains key to expanding the PSI's operational reach, strengthening capacity, and responding to disruption opportunities. The more countries that participate in the PSI, the stronger the defence, and the fewer opportunities for proliferators to exploit gaps in the coverage of the PSI.

In conclusion, I'd like to reiterate that the multilateral arms control and non-proliferation treaties serve us well in defending us against the spread of WMD, as do effectively implemented export controls. But as we seek to strengthen those systems to prevent dangerous technologies, know-how and WMD falling into the wrong hands, proliferation can still prosper where treaty obligations are evaded and export controls and their enforcement are weak, or where procurement is forced underground. The PSI exists in an attempt to cover these weaknesses. The PSI acts, if you like, as a safety net.

Thank you again for the opportunity to address this seminar today.

End text.

15. (U) Embassy regrets the delayed response to reftel, which was not received by the action office until December 11 owing to a server outage.

MCCALLUM